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Challenges and Prospects

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Explaining COVID-19 Lockdown, Employment and Migration in India: Challenges and Prospects

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Abstract

This paper makes an attempt to do an assessment of the impact of COVID-19 on employment and migration in India. The analysis is based on up-to-date facts and figures available in the public domain on economic growth, employment and migration. Using the employment elasticity approach, the study estimates employment loss during 2020-21 owing to the negative impact of COVID-19 on economic activities. The results of the study suggest that the country may witness job loss with the tune of 18.5 - 18.8 million in the current fiscal year. This in turn would shoot up the unemployment rate from 5.8% in 2018-19 to 8.9% in 2020-21, warranting a coordinated and focused approach from both the Central and State governments to uplift the confidence of the people and bring back the lost jobs, particularly the migrant workers. The study also emphasises on Central government's urgent attention and action plan for uplifting the rural economy in order to revive India's economy in the short run.

Keywords: Employment growth, Migration, Impact of COVID-19, Indian Economy

1. Introduction

The world is witnessing a huge turmoil in the global economy due to the contagious spread of the novel coronavirus, also known as Covid-19. It has spread to every continent except Antarctica (UNDP, 2020).[2] The outbreak is similar to coronavirus outbreaks that occurred earlier, which include Severe Acute Respiratory Syndrome (SARS) and Middle East Respiratory Syndrome (MERS). However, COVID-19 is considered deadlier than the other two viruses because of the speed and intensity with which it spread world over within a very short period of time. As per the information published by the World Health Organisation (WHO), COVID-19 was first identified in Wuhan, Hubei Province, China on 31st December 2019.[3] By 11th March 2020, the WHO to declared COVID-19 as a pandemic, as the virus had infected nearly 118,000

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[2] https://www.undp.org/content/undp/en/home/coronavirus.html

people in 114 countries, and 4,291 individuals had succumbed to the disease. The data released by Johns Hopkins University, U.S. (www.jhu.edu) shows that by 19th October 2020, nearly 40 million people were infected, out of which around 30.14 million people had recovered and 114,610 people had died all over the world. Across the world, the maximum numbers of cases have been reported in the USA and Europe.

In India, the first positive case of COVID-19 was reported from Kerala on 30th January 2020. By 20th March 2020, the total number of positive cases had reached 223. On 24th March 2020, considering the contagiousness of the disease, the Government of India declared a complete lockdown in the country for 21 days, from 25th March to 14th April. On 14th April, the lockdown was extended for another 19 days till 3rd May 2020, owing to the continuous increase in the number of active cases in majority of the states. However, during the second phase of the lockdown, after 20th April, the central and state governments decided to relax certain restrictions, allowing agricultural activities and rural industries to operate to minimise economic losses, mitigate the hardships of farmers, poor and vulnerable people with no source of income because of complete cession of economic activities, and to restore both demand and supply chain systems, which had collapsed globally.

Despite several timely measures taken by the Central[4] and State governments, there have been considerable challenges in controlling the pandemic. The highly contagious effect of COVID-19 is most probably here to stay in India for some more time and so is the lockdown of places where the number of cases are rising (hotspots). The data released by the Ministry of Health and Family Welfare, Government of India (https://www.mohfw.gov.in/) shows that the number of cases which was just 223 on 20th March, jumped to 78,003 on 14th May and further to around 10 million as on 19th December 2020, out of which 6.7 million people have been cured, and 0.14 million people have died, showing a recovery rate of 95.31%, which is more than 25 percentage points higher than the global rate.

Although the Central and State governments have taken proactive measures to gradually open up economic activities after four phases of nation-wide lockdown from 25th March 2020 to

[3]https://www.who.int/news-room/detail/27-04-2020-who-timeline---covid-19
[4]https://www.mha.gov.in/media/whats-new

31st May 2020 (62 days), the economic cost of this pandemic will nevertheless be huge. Unfortunately, this crisis came at a time when the Indian economy was already slowing down in terms of economic growth and employment opportunities and was expected to make a turnaround with a number of measures being taken by the Union Government.

The nationwide lockdown has severely affected the growth prospects of manufacturing and services sectors. Except a few services in essential categories, all other service activities were almost stopped during the first phase of lockdown. As we know, services sector contributes more than 55% to the national GDP, a pause in services activities not only has a huge impact on the overall national output but also on revenue generation. Manufacturing sector, which contributes around 17% of the GDP and is a major source of employment for semi-skilled and skilled labour force, has witnessed a pause in activity all over the country, resulting in huge loss of income to both workers and owners.

The present situation of the COVID-19 pandemic suggests that it may take a longer time for the country to return to the normal pace of economic activities. Already, many international and national organisations have forecasted negative growth rate of GDP (in the range of 6-11%) for the country in 2020-21. The Reserve Bank of India (RBI) had predicted a positive GDP growth rate of 5.5% for 2020-21 in April 2020 under the pre-Covid scenario. In October 2020, however it has come up with a revised forecast in which it has reported that GDP growth rate is expected to contract by 9.1% in the current fiscal owing to negative impact of COVID on economic activities. Considering the improvement has been recorded in various economic parameters during the second half of 2020-21 and the positive news on progress in the corona vaccine, RBI has revised the GDP growth forecast upward to (-)7.5% in January 2021[5]. The Ministry of Statistic and Programme Implementation (MoSPI), Government of India has also come up with the first advance estimates of GDP for 2020-21, in which it has pegged the growth rate at (-)7.7%[6]. Under this unprecedented low GDP growth rate scenario there will be a huge negative impact on employment generation. The speed and extent of recovery of the economy or

[5] https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR719894AC15E443B42C88E8DC22D0D40C246.PDF
[6] http://mospi.nic.in/sites/default/files/press_release/Presss_note_FAE-2020-21_7jan21.pdf

minimization of the negative impact of the pandemic depends upon the proactive decisions of the governments at the Central and State level.

In this paper, we analyse the impact of the nationwide lockdown on Indian economy with regards to employment and labour migration. We also try to cover various policy initiatives taken by the Union Government so far, and offer the way forward.

2. Trends of Employment Growth in India

The Indian economy is passing through a critical phase of structural transformation, both demographically and economically. According to MSDE Report (2015), "India has positioned itself as one of the youngest nations in the world today with more than 62% of its population in the working age group (15-59 years), and with more than 54% of its total population below 25 years of age". It is further stated that the average age of Indian population in 2020 would be 29 years as against 40 years in the USA, 46 years in Europe and 47 years in Japan.[7]A report by FICCI (2013) indicates that the country's population pyramid in the 15-64 years' age group bracket is expected to "bulge" over the next decade, which in turn would expand the working age population from approximately 761 million to 869 million during 2011-2020. Therefore, in 2020, the country would experience a period of "demographic bonus" where the growth rate of the working age population would exceed that of the total population. However, many have argued that if the country fails to reap the benefits of this demographic dividend, it would turn into a demographic curse.[8]

An extraordinary situation like rising younger population warrants an extraordinary policy action to create massive employment opportunities. As rightly pointed out by Kumar (2018), the country not only needs massive number of jobs but also good quality jobs to meet the aspiration of youths. In order to address this massive challenge, the Economic Survey (2012-13) suggested that there is a need to create the conditions for faster growth of productive jobs outside agriculture, especially in the organised manufacturing and services sectors, even while improving productivity in agriculture.

[7] https://mhrd.gov.in/sites/upload_files/mhrd/files/RUSA_final090913.pdf
[8] https://www.indiabudget.gov.in/budget2013-2014/es2012-13/echap-02.pdf

To boost job creation in the economy, the government of India has initiated several path-breaking programmes in the past such as Prime Minister's Employment Generation Programme (PMEGP), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), National Urban Livelihoods Mission (NULM) etc.[9] The Government of India has also created large number of self-employment opportunities through Pradhan Mantri MUDRA Yojana (PMMY) and generated avenues for membership-based employment with driver partners in Ola/Uber, online delivery jobs in Amazon/Flipkart/Snapdeal, food delivery jobs with Zomato/Swiggy, and home services such as Urban Clap/Quikr in the unorganised sector (Kumar, 2018).

India has successfully created large number of jobs particularly in the unorganised sector during the last few years against the requirement of 8 million jobs per annum. However, due to huge backlog of unemployment from the earlier years and around 10-12 million people entering the job market every year, creating jobs against the accumulated demand for jobs remains a challenge. The recent data from the annual Periodic Labour Force Survey (PLFS), 2017-18 and 2018-19[10], released by MoSPI throws up some significant trends of employment as compared to 2004-05 and 2011-12 employment and unemployment rounds although both the data series are not strictly comparable[11]. First, the absolute number of total employment has increased in 2017-18 and 2018-19 as compared to 2004-05, but it is slightly lower than 2011-12 (**Table 1**). At the sectoral level, as expected, the agriculture sector has witnessed a continuous decline of

[9] https://pib.gov.in/newsite/PrintRelease.aspx?relid=160496

[10] http://www.mospi.gov.in/sites/default/files/publication_reports/Annual%20Report%2C%20PLFS%202017-18_31052019.pdf. http://mospi.nic.in/sites/default/files/publication_reports/Annual_Report_PLFS_2018_19_HL.pdf

[11] As quoted in the Economic Survey, Vol II, GoI, 2020, "The Government launched a new regular employment-unemployment survey, namely, annual Periodic Labour Force Survey (PLFS), 2017-18 with certain changes in survey methodology, data collection mechanism and sampling design vis-à-vis the earlier quinquennial (once in every five years) Employment and Unemployment Surveys (EUS) of NSO. Under the PLFS, households are selected in both rural and urban areas by providing 75 per cent weightage to households where at least one member has secondary education (Class 10) or above. In the EUS, affluence level and earning from non agricultural activities in rural areas and Monthly Per Capita Consumption Expenditure (MPCE) of household in selected blocks in urban areas were used for stratification of households. Due to the changes in methodology and sampling design, labour market estimates based on PLFS are not strictly comparable with the results of earlier quinquennial surveys on Employment-Unemployment conducted by NSO. The results of the PLFS with earlier rounds of NSO-EUS need to be read along with explanatory notes on survey methodology and sampling design. PLFS estimates and previous round estimates are juxtaposed only for making analytical reasoning and is not a comparison in the strictest sense of the term".

employment, whereas, non-agriculture sector (industry and services) has evidently created more employment opportunities over the period. Second, within the non-agriculture sector, while the share of services sector has increased considerably in 2017-18 and 2018-19 as compared to 2004-05, the share of industry sector has not done so, which is a matter of concern as the sector is one of the main sources for creating a large chunk of semi-skilled and skilled jobs.

Table 1: Employment Trends

Sectors	Employment (in million)				Share of Sectors (%)			
	2004-05	2011-12	2017-18	2018-19	2004-05	2011-12	2017-18	2018-19
1.Agriculture	268.7	231.9	205.3	199.0	58.5	48.9	44.1	42.4
2.Industry	83.4	115.2	115.5	117.9	18.1	24.3	24.8	25.2
3. Services	107.6	127.4	144.7	151.9	23.4	26.8	31.1	32.4
Total employment	**459.4**	**474.2**	**465.1**	**468.8**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Various Rounds of NSSO and PLFS. Employment measured as per usual status[12] (principal plus subsidiary status).

Table 2: Employment Trends in Major Economic Sub-sectors

Sectors	Employment (in million)				Share of Sectors (%)			
	2004-05	2011-12	2017-18	2018-19	2004-05	2011-12	2017-18	2018-19
1.Agriculture	268.7	231.9	205.3	199.0	58.5	48.9	44.1	42.4
2.Mining and Quarrying	2.7	2.6	2.0	1.9	0.6	0.5	0.4	0.4
3.Manufacturing	53.9	59.8	56.4	56.5	11.7	12.6	12.1	12.1
4.Electricity, water and gas	1.2	2.5	2.8	2.6	0.3	0.5	0.6	0.6
5.Construction	25.6	50.3	54.3	56.8	5.6	10.6	11.7	12.1
6. THTC&S	67.7	79.2	88.3	87.1	14.7	16.7	19.0	18.6
7. Financial , real estate & prof serv.	4.3	6.7	10.4	10.6	0.9	1.4	2.2	2.3
8. Pub. Admin., defence&other ser.	35.6	41.5	46.0	54.2	7.7	8.7	9.9	11.6
Total	459.7	474.5	465.5	468.8	100.0	100.0	100.0	100.0

[12]Usual status (ps+ss) gives an idea about average working condition of an individual for entire reference year. It can further be subdivided in to two categories. One is principal status (ps) and other is subsidiary status (ss). Principal status (ps) measures the activity in which an individual has spent relatively longer time of a reference year (major time criterion) while subsidiary status (ss) measures the activity status of an individual who has spent majority of days out of work force but have worked for short period of time (more than 30 days) (Annual Report, PLFS 2017-18)

Note: THTC&S= Trade, hotels, transport, communication and services related to broadcasting. As per standard sectoral classifications, industry constitutes of sectors from Sl. No. 1 to 4 in the above table. The rest of the sectors belong to services sector.
Source: Various Rounds of NSSO and PLFS.

At the disaggregated level, the contribution of various major sub-sectors of industry and services to employment generation is reported in **table 2**. As explained earlier, industry is lagging behind services sector in employment generation. The reason could be due to that manufacturing sector which generates a major chunk of employment within industry, indeed has reported declining of both absolute number of employment and employment share between 2011-12 and 2017-18. Similarly, mining and quarrying sector has also reported declining in employment share between 2011-12 and 2018-19. In contrast, the sub-sectors of services sector have reported that their contribution to total employment has increased between 2011-12 and 2018-19.

Informal sector

Informal sector in India is vast and has been playing a critical role in country's development. It contributes more than 45% of the country's GDP and close to 90% of the total employment. Out of the total of 465 million workers, 422 million were informal workers in 2017-18. Even in non-farm sector (manufacturing and services), the share of informal workers was around 84% in the same year (Dev and Sengupta, 2020). The incumbent government has made a constant effort to formalise the informal economy with the aim of creating quality jobs, achieving inclusive growth and improving the productivity of human capital. In this regard, in 2016 and 2017, the government launched two of the biggest structural reforms such as demonetization, and Goods and Services Tax (GST), to reduce the size of the black economy on the one hand and increase the tax base on the other. However, India still remains far behind the developed countries as far as the size of the formal economy is concerned. While 40% and 25.1% of the total workers in the USA and Europe respectively are engaged in the informal economy, it is close to 90% in the case of India.[13]The government should focus on initiating more structural reforms in factor market – land and labour– to increase the size of the formal economy and also to improve the factor productivity.

[13]https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm

3. Employment projection and Impact of Lockdown

3.1 Methodology of employment Projection

Employment projection for the future periods is done by using several methods depending upon the availability of information and the frequency of data. For example, while time series univariate method is being used in case of high frequency data, structural equations on the other hand are used in case of both cross section and time series data. Since the National Sample Survey Organisation (NSSO) collects employment and unemployment information once in five years and no time series information are readily available, the present study used employment-output elasticity approach to make employment projection for the future years. The employment elasticity is simply defined as 'the percentage change of employment due to one percentage change of output'. In algebraic term, it can be expressed as:

$$e = (\Delta L / L) / (\Delta Y/Y)$$

Where L denotes employment and Y denotes gross domestic product. While the numerator refers to the percentage change of employment, the denominator implies percentage change in income or GDP.

The present study used the employment elasticity estimation made by Misra and Suresh (2014) for the analysis. The authors have presented employment elasticity estimation for different sectors using various rounds of NSSO data starting from 1999-00 to 2011-12.The employment elasticities estimation for the period 2004-05 to 2011-12 is used in this study for employment projection mainly due to it captures the recent trends of both GDP and employment.

In order to estimates employment and unemployment for the current fiscal year (2020-21), it is important to have information on GDP and labour force for the same year. As actual data on both these variables are not available in the public domain, the study either estimates or used the forecast numbers of other agencies for the analysis.

In case of GDP growth rate, the present study used the forecast values of RBI made at the beginning of Lockdown (April 2020) and post-lockdown period (October 2020) to capture the growth impact of COVID[14]. We have also used MoSPI's advance estimates (January 2021) of GDP growth rate for 2020-21 as an alternative scenario to capture the impact of COVID on employment.

Since RBI provides GDP growth forecast only for three aggregated sectors such as agriculture, industry and services and total, the growth rates of disaggregated economic sectors within industry and services have been calculated under the assumption that sectoral composition within industry and services is going to be the same as observed during 2011-12 and 2019-20. In case of MoSPI data, the study has directly used the advance estimates of value added being published for broad economic sectors.

For estimating unemployment rate, the study first derived the total labour force for 2019-20 and 2020-21, which is calculated based on its annual compound growth rate between 2011-12 and 2018-19. Similarly, using an average growth rate method, we have derived the labour force for 2020-21 over 2019-20.

3.2 Analysis of Employment Scenario

International Labour Organisation (ILO) (2020) in its recent report on impact of COVID-19 on employment reported that the pandemic will negatively impact millions of informal workers worldwide. In the case of India, the report says that the number of workers in the informal economy who would be affected by the lockdown and other containment measures will be substantial. It further stated that, around 400 million workers in the informal economy are at the risk of falling deeper into poverty during the crisis.

Here, we make an attempt to find out the likely impact of COVID on the overall employment in the country during 2020-21. As stated earlier, to derive employment growth and numbers for 2020-21, first we need know growth rate GDP for the same year.

[14] https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/SPF040620AA838764E1A348D0BF1A6D340CD2558E.PDF

Table 3: Sectoral growth rate of Value Gross Added (GVA)

Sectors	M&Q	MFG	EGW	CON	THTC&S	FIN Services	Other Services	AGL	IND	SER	TOTAL
2019-20*	-1.5	2.8	6.1	3.6	5.6	5.7	9.7	4.0	0.9	5.5	3.9
2020-21 (pre-Covid)#	9.7	0.6	-4.4	7.8	8.4	8.0	2.7	3.0	2.9	6.8	5.3
2020-21 (Covid)@	-7.2	-14.9	-19.2	-8.8	-8.3	-8.7	-13.2	3.7	-13.0	-9.7	-8.4
2020-21 (Covid)$	-12.4	-9.4	2.7	-12.6	-21.4	-0.8	-3.7	3.4	-9.6	-8.8	-7.2
Employment elasticity$$	-0.14	0.10	1.42	1.12	0.13	-0.45	0.48	-0.41	-	-	-

Source: * actual growth rates taken from Ministry of Statistics and Programme Implementation (MOSPI). # RBI's forecast for aggregated sectors (agriculture, industry and services and total) in April 2020. @ RBI's forecast for aggregated sectors (agriculture, industry and services and total) in October 2020. Estimates of GVA growth rates of sub-sectors are derived using the sectoral composition. $ Advance estimates by MoSPI, January 2021. $$ Employment elasticity refers to the period 2004-05 and 2011-12 (Misra and Suresh, 2014).M&Q = Mining and Quarrying, MFG = Manufacturing, EGW = electricity, water and gas, CON= construction, THTC&S = Trade, hotels, transport, communication and services related to broadcasting, FIN services = Financial, real estate & prof services, AGL = agriculture, IND = Industry, SER = services

Table 3 above, demonstrates the growth rate of sectoral value added. As per RBI's estimates in April 2020, which refers to the pre-Covid scenario, total value added was expected to grow at 5.3% in 2020-21 over the previous year and the growth rates of agriculture, industry and services were estimated at 3.0%, 2.9% and 6.8% respectively. The estimates of RBI in October 2020 which takes into account the negative impact of COVID on economic activities shows that the growth rate of total GVA at (-) 8.4% and the growth rate GVA of agriculture, industry and services at 3.7%, (-)13.0% and (-) 9.7% respectively. The GVA growth rates of sub-sectors within industry and services are calculated using the sectoral decomposition, wherein it is expected that the growth rate of manufacturing sector and utility sectors would contract around 14% and 19% respectively in 2020-21. Growth rate of all sub-sectors within services sector would also register negative growth rate in 2020-21.

Using RBI's GDP growth forecast for 2020-21 under two time periods i.e., April 2020 (the pre-COVID scenario) and October 2020 (COVID scenario), the present study has estimated employment numbers for the above two scenarios using the employment elasticity at the sectoral level as reported in table 3 above. Under the pre-COVID scenario, the results reported in **table 4**

shows that total employment was expected to be 475.7 million in 2020-21, an increase of 3.9 million over 471.8 million in 2019-20. At the sectoral level, employment is expected to decline in agriculture sector and increase in case of industry and services sectors as India has been witnessing shifting of workforce from low productive sector to high productive sectors.

Table 4: Employment Projection for 2019-20 and 2020-21 (in million)

Sectors	2011-12	2017-18	2018-19	2019-20$	2020-21 (pre-Covid) #	2020-21 (Covid)*	2020-21 (Covid)**	2020-21 (Job Loss)*	2020-21 (Job Loss)**
1.Agriculture	231.9	205.3	199.0	196.3	193.9	193.4	193.6	-0.6	-0.3
2.Industry	115.2	115.5	117.9	120.6	125.6	113.2	111.9	-12.5	-13.7
3.Services	127.4	144.7	151.9	154.8	156.1	150.7	151.4	-5.5	-4.7
4. Total	**474.5**	**465.5**	**468.8**	**471.8**	**475.7**	**457.2**	**456.9**	**-18.5**	**18.8**

Source: # RBI's forecast for aggregated sectors (agriculture, industry and services and total) in April 2020. *estimated by authors based on RBI's October growth forecast. ** estimated based on MoSPI's January 2021 growth forecast. $ projected.

Under the COVID scenario, due to significant contraction of economic growth rate at the aggregated and sectoral level, it is expected that the total employment may decline significantly in the current fiscal. The results reported in table 4 shows that employment is expected to be 456.9 million in 2020-21 owning to low GDP growth rate due to impact of COVID on economic activities instead of 475.7 million under the pre-COVID scenario, resulting a whopping 18.5 million job loss in the current fiscal. At the sectoral level, our estimates show that there will be 12.5 million job loss in industry sector followed by 5.5 million in services sector and 0.6 million in agriculture sector.

The study also analysed a second or alterative GDP and employment growth scenario using the GDP growth estimates of MoSPI. The major differences between RBI's and MoSPI's GDP estimates are reported in case labour intensive sectors, wherein the latter has projected a higher decline in growth rate of value added of construction and trade, hotels, transport, communication and services related to broadcasting sectors. Since these two sectors are having high employment elasticity, a higher decline in output is expected to impact employment generation significantly. Table 4 shows that the job loss is expected to be higher at 18.8 million under the alternative scenario as compared to 18.5 million under the first scenario.

Unemployment rate

As explained earlier, for estimating unemployment rate, first we estimate total labour force for 2020-21 both under pre-COVID and COVID periods, and then calculate the unemployment number by differentiating employment from total labour force. Unemployment rate is then calculated by taking the ratio of unemployment to total labour force multiplied by 100. The results of unemployment rate are reported in **Table 5**. Under pre-COVID scenario, unemployment as the percentage of labour force is expected to decline from 6.1% in 2017-18 to 5.2% in 2020-21. In contrast, unemployment rate is expected to rise from 6.1% in 2017-18 to 8.9% in 2020-21 under the COVID scenario. Under the alternative COVID scenario, the rate is expected to be even higher at 9.0% owing to more job losses, which is a matter of concern. As per Centre for Monitoring Indian Economy (CMIE)'s household data, the average of unemployment rate available for the period April 2020 to January 2021 is 10.69%. If we assume, the unemployment rate of 6.5% in the month of January 2021 would remain at the same level for the subsequent two months, then the average unemployment rate for the whole financial year 2020-21 would be around 10.0%, which is very close to the present study's estimates.

Table 5: Estimates of Unemployment Rate (%)

Categories	**2004-05**	**2011-12**	**2017-18**	**2018-19**	**2019-20 $**	**2020-21 (Pre-COVID)**	**2020-21 (COVID) ***	**2020-21 (COVID) ****	**2020-21 (CMIE)$$**
Total employment @	459.7	474.5	465.5	468.8	471.8	475.7	457.2	456.9	
Labour force@	470.2	484.8	495.1	497.8	500.0	502.0	502.0	502.0	
Unemployment (UR)@	10.5	10.3	29.6	29.0	28.3	26.3	44.8	45.0	
UR (%) as per usual status	2.2	2.1	6.1	5.8	5.7	5.2	8.9	9.0	10.0

Note: @ in million * estimated by authors based on RBI's October growth forecast. ** based on CSO's January 2021. $ projected $$ based on CMIE's household survey data.
Source: Data from various rounds of NSSO and PLFS used for other years.

4. COVID and Migration Issues

Discussions in the previous section suggest that total employment may decline significantly in 2020–21 owing the negative impact of COVID-19 on economic growth, which is a cause of concern. Moreover, a bigger worry is the continuous increase of low-quality jobs, both in the formal and informal sectors. As pointed out by Basu (2018), 'the problem is not that the economy is not generating enough jobs; it is. The problem is that the vast majority of the jobs that are being created are of extremely low quality'. As a result, well-educated youths in contemporary India are unwilling to accept these jobs and remain unemployed. Further, millions of people engaged in low-quality or low-paying jobs in the formal and informal non-farm sectors (such as construction, manufacturing, and retail services) are actually inaccurately called unemployed. Unlike in developed countries (such as the USA and European countries), India does not have a comprehensive package on social security or unemployment benefits; therefore, people have been compelled to accept low-quality jobs for survival. This has given rise to two issues now. While on one hand many educated youths are unwilling to accept low-quality jobs, on the other hand some are forced to accept low-quality jobs. In both cases, they are considered unemployed, either open or disguised. Such unemployment has been increasing continuously, particularly in urban areas. Of the many reasons, migration of a large number of people from rural to urban areas has played a significant role.

There are different socio-economic reasons for the people migrating from rural to rural, rural to urban, urban to rural and urban to urban. As per the Census, the prominent reasons for migration are work and business, education, marriage, family related and others. Census, 2011 suggests that out of the total migration, the share of marriage related migration is highest at 39.1%, followed by family related (35.6%) and work and business related (13.1%). Out of these different types of migration, work and business related migration holds a prominent role in determining the employment/unemployment situation in urban areas.

The trends of migration related to economic reasons given in **Table 6** explain some of the critical issues. First, the percentage share of migration to the total workforce for economic reasons was stable between 2001 and 2011 at 8.1% in each year respectively. However, it

recorded a steep rise of 10.5% in 2011 due to increase in both male and female migrant workers. Second, the growth rates of workforce and migrants for economic reasons were nearly identical between 1991 and 2001 at 2.4% per annum. But as the GDP growth rate started to soar up during the 2000s and urban development took a momentum, the two began to diverge. Between 2001 and 2011, while the total workforce recorded 1.8% of the annual growth, migrant workers for economic reasons grew nearly 2.5 times of the total workforce. Third, gender-wise trends reveal that the acceleration of migration was particularly pronounced for females, which recorded a substantial rise from merely 0.4% between 1991 and 2001 to 7.5% between 2001 and 2011. In the 1990s female migration was extremely limited and migrants were shrinking as a share of the female workforce. However, in the 2000s the picture turned around completely: female migration for work not only grew far more rapidly than the female workforce, but it increased at nearly twice the rate of male migration. Despite the overall rise in migration in search of employment opportunities, job creation hasn't been concomitant with the aspiration of migrants at destination stations. Hence, unemployment rate has increased regardless of migration.

Table 6: Workforce and Migration for Economic reasons, Census 1991-2011

Categories		1991	2001	2011	Growth Rate(%) 1991 to 2001	Growth Rate(%) 2001 to 2011
Workforce (million)	Total	317	402	482	2.4	1.8
	Male	227	275	332	2.0	1.9
	Female	90	127	150	3.5	1.7
Migrants stating economic reasons for migration (million)	Total	26	33	51	2.4	4.5
	Male	22	29	42	2.7	4.0
	Female	4	4	9	0.4	7.5
Migrants stating economic reasons for migration (% share by Gender)	Male	84.6	87.9	82.4		
	Female	15.4	12.1	17.6		
Migrants stating economic reasons for migration as share of workforce (%)	Total	8.1	8.1	10.5		
	Male	9.6	10.4	12.7		
	Female	4.4	3.2	5.7		

Source: Economic Survey, 2016-17

An unprecedented increase of migrant workers in the recent time reveals that there is an upsurge of inter-state net migration of seasonal workers from the newer states such as Odisha, Madhya Pradesh, Rajasthan and even North-Eastern states along with the traditional migrant states such as Uttar Pradesh and Bihar. Every year, 40-50 million seasonal labourers migrate from these

regions to states such as Tamil Nadu, Maharashtra, Kerala, Gujarat, Delhi, Punjab and Haryana and other affluent states to work in agriculture and other low-paid occupations like construction sector, domestic work, textile, brick-kiln work, transportation and mines & quarries etc.

Despite an important role played by the migrant workers in economic development of both domicile and host states, by and large, their work structure remained fragmented and unorganised. Due to lack of proper education, skills, and information about the market, they end up accepting low-end, low-value and hazardous work and have been highly prone to social and economic exploitations. They face several economic, social and political challenges such as inability to cope with local culture, language, access to identity documentation, social entitlements, social and political exclusion, housing, education for children, access to healthcare and government jobs.

Impact of Lockdown

As mentioned above, migrant workers are involved in many economic activities in different states. The declaration of nationwide lockdown on 25th March, 2020has resulted in a standstill in the income earnings of millions of migrant workers across the states. They have not only lost their jobs, money and livelihood but are also stigmatized physically and psychologically for staying away from their family and friends. Their anger and hunger could be visible in few instances during the first and second phase of lockdown as they carried out protests in different parts of the country. On 28th March, thousands of migrant workers from Delhi and Haryana reached Anand Vihar, Ghazipur and Ghaziabad's Lal Kuan area to go back to their home. Thousands of them were forced to walk hundreds of kilometers on foot to reach their home. A similar scene was also witnessed in states such as Kerala, Maharashtra and Gujarat when the Hon'ble Prime Minister announced the extension of the lockdown period after 14th March. The continued lockdown in many states has not only impacted migrant workers socially and economically but also posed a threat to the economy of many host states that are heavily dependent on the services of these workers. A report published by Bloomberg on 16th April, 2020, states that migrant workers may shun cities after the lockdown is over.[15]According to this

[15]https://www.bloomberg.com/news/articles/2020-04-15/india-s-next-problem-convincing-frightened-workers-to-return

report, many workers feel that they will prefer to try their luck in rural areas rather than going back to cities where life is quite uncertain and risky.

A report published by the Print[16] on 31st March, 2020, suggests that Punjab and Haryana stare at massive farm crises as lockdown would lead to labour shortages. These two states are heavily dependent on migrant workers for cultivation and harvesting on farms. According to the report, these two states were on the verge of Rabi crop harvesting of wheat during the last week of March till the first week of April and together these two states needed 16 lakh farm hands for harvesting and procurement, which would have entirely been jeopardized since seasonal labourers from Uttar Pradesh and Bihar had gone back to their home states. The report suggests that farmers from these states earn a staggering amount of over Rs. 460 billion in just one month from rabi-crop harvesting. Keeping in view the seriousness of the situation, Punjab State government has ordered to procure wheat from the doorsteps of farmers in the villages located within 1-2 km from mandis.[17]The state government has also ordered the district magistrates to ensure that migrant workers stay wherever they are and be allowed to work in agriculture. In addition, the workers engaged in MGNREGA could also be used for harvesting of rabi crops.

Similarly, Kerala is another state which has been heavily dependent on migrant workers for agriculture, domestic work, construction and other low-end jobs due to shortage of domestic labour and presence of ageing population in the state. There are around 4 million migrants working in Kerala and every year around 0.24 million migrants from other states such as Uttar Pradesh, West Bengal, Bihar, Odisha etc. enter the state for jobs (Joseph et al., 2013). Kerala has been an attractive destination for migrants because of various reasons such as: it offers higher wages for agricultural work as compared to other states; it provides access to social welfare schemes, education for children and health benefits. Despite the best facilities in the state which runs 69% of the relief camps in the country for migrant workers[18]the nationwide lockdown has severely affected the workers in terms of loss of jobs and income. The protest of migrant workers

[16]https://theprint.in/economy/punjab-and-haryana-stare-at-massive-farm-crisis-as-lockdown-leads-to-labour-shortage/391976/

[17]https://citizenmatters.in/chandigarh-punjab-farmers-worry-about-labour-for-harvest-and-crop-procurement-17220

[18] https://www.bloombergquint.com/coronavirus-outbreak/coronavirus-lockdown-kerala-has-69-of-indias-government-run-relief-camps-for-migrant-workers

in Kottayam district on 29th March, 2020for returning to their native places because of job issues is a glaring example of their battle for survival.

Fearing that the epidemic would spread to the rural areas which have so far remained unaffected and owing to the shortages of labour in different states that are largely dependent on migrants workers for agriculture and other activities, on 26th April, the Centre told the Supreme Court that migrant workers don't need to travel to their native places during the lockdown, as the government has been taking care of them and their family members wherever they are[19]. Further, the Union Government stated that both the State governments and Union territories have set up around 37,978 relief camps. Nearly 1.43 million persons have been housed in these camps. In addition to the above, 26,225 food camps have also been opened for giving food to nearly 13.4 million persons. On 20th April, the Home Ministry issued an order stating that the migrant workers stranded in different states need to be registered for skill mapping and accordingly they will be allowed to work after 20th April in suitable economic activities in the state where they are presently residing subject to maintaining the social distancing.[20]

5. The Way Forward: Policy Suggestions

Both the Central and State governments have already announced various short-term and long-term policy measures to contain the spread of COVID-19 and at the same time to kick-start the economic activity in select areas in order to minimize the loss of jobs. The Central government had announced several proactive policy measures to control the coronavirus disease, to kick-start the economy and to minimize the economic and social loss attributed to the nationwide lockdown. In this direction, on 12th May, 2020, the Hon'ble Prime Minister announced a special economic stimulus package called "AtmaNirbhar Bharat Abhiyan" (or Self-reliant India Mission) of worth Rs 20 lakh crore (US$ 265 billion) or around 10% of India's GDP for labourers, farmers, micro, small and medium enterprises (MSMEs) and cottage industry and

[19] https://www.news18.com/news/india/migrant-workers-dont-need-to-go-home-during-lockdown-their-needs-being-addressed-centre-tells-sc-2593759.html

[20] https://www.business-standard.com/article/current-affairs/covid-19-govt-issues-guidelines-for-movement-of-workers-to-workplace-120041900590_1.html

honest tax payers in the country[21]. In this paper we envisage three specific areas that need urgent attention for both survival and revival of the economy in the short run.

1. Boosting the economic growth and consumption demand in the rural economy

Unlike the developed countries, India's economic development still largely depends on the extent of prosperity in the rural economy. About half of the national income and more than two-thirds of the total employment is generated in rural areas (Chand etal., 2017). Even before COVID-19 struck India, the Indian economy was facing challenges on the growth front due to sluggish domestic demand which was reflected across diverse industries – automobiles, consumer durables, Fast Moving Consumer Goods (FMCG), cement, real estate and even financial services. After recording a robust growth of 8.13% in 2016-17, since then, private final consumption that constitutes 57% of the GDP has registered a dip by around 3 percentage points in 2019-20. This has come at a time when the other two important pillars of growth – capital formation and exports – have slipped into stagnation zone since the early 2018-19. Given the unprecedented crisis in the major trading partner countries of India and the developed world, it will be quite difficult for the country to revive these two sectors in the short run. Then, what is the way out to revive the economy? The answer lies at how quickly government would uplift the rural economy as well as the overall demand of the economy. The study suggests the following steps to revive the economy.

(i) *Focusing on strengthening the institutional set up to address the supply chain and increasing the farm production and productivity:* There is an urgent need for an overhaul in thepresent marketing system for the uses of high yield seeds, land reforms, minimum support prices, infrastructure, and uses of technology to make agriculture as a profitable venture. The recommendations suggested by Professor Ramesh Chand (2015) such as accelerating useof high yielding varieties and hybrid seeds, paying fertiliser subsidy directly to farmers and domestic urea producers, optimal use of different fertilizers including neem coated urea and urea briquette, uses of resource-conserving technologies and farm mechanization, uses of Nano

[21]https://pib.gov.in/PressReleseDetail.aspx?PRID=1608345
https://pib.gov.in/PressReleseDetail.aspx?PRID=1608585

technology to enhance input-use efficiency and promotion of organic farming in the North-eastern States are some of the measures which may be looked into.

(ii) *Focusing on increasing the rural wages:* A recent study on "Root Cause of the Current Demand Slowdown" by SBI (2019)[22] states that a significant fall of rural wages has contributed to the slowdown of consumption demand in the economy. Higher wages will lead to higher consumption as the propensity to consume is more in rural areas than urban areas. Although the level of per capita consumption of rural area is less than that of urban area, however, it is found that the growth rate of per capita consumption of the former has increased at a higher pace than the latter in the recent time (Parida and Pradhan, 2018). Pushing rural wages upward is possible through increasing the daily wage rate of MGNREGA and construction activities. But, it should no way influence the wage rate of agriculture sector, which needs some kind of regulation from the state. Otherwise, the agriculture sector may witness shortages of labour, which in turn will negatively impact the agricultural output.

(iii) *Pumping cash through various welfare schemes:* The Government of India has already announced cash transfer to farmers under PM-Kishan Scheme and to Jan Dhan account holders. It is suggested that the scheme may be expanded to cover the landless agricultural workers, who are among the poorest of the poor and constitute 55% of the total workforce (Census, 2011). In addition, the Government may strategise to transfer the entire subsidy amount under input subsidies, crop insurance, and interest subventions directly to the farmers, so that, it will boost their confidence and encourage them to put their hard-earned money in farming activities.

2. Restoring the supply-chain system

The lockdown period has witnessed a breakdown of supply-chain system of agricultural commodities. Although both the Central and State governments have ensured smooth supply of essential commodities to different parts of the country, the agricultural produce in the rural economy has suffered the most due to breakdown of transportation system and weak market demand. Farmers in the rural areas were forced to sell their produce like vegetables, dairy products, eggs and meat at very nominal prices and incurred huge losses. Therefore, the

[22] https://www.scribd.com/document/424933186/SBI-Ecowrap-Root-Cause-of-the-Current-Demand-Slowdown-002

government must find a mechanism to directly procure the commodities from the farmers at reasonable market prices. Prof. Ashok Gulati suggested that the government should suspend the APMC-run mandi system and go for direct buying from farmers without charging the market fee.[23]He states, "this could be carried out by the Food Corporation of India (FCI) and corporate entities engaged in agri-processing and exports by using various electronic platforms available to them for identifying and scheduling procurement without crowding. Later on the threads can be picked up through the APMC-run mandis".

3. Returning the lost jobs in MSME sector

Like the poor, underprivileged and vulnerable section of the society, MSME units in the country have also faced the wrath of prolonged lockdown and are in a dire position of disappearing from the market forever unless the government takes appropriate policy action to save those. Being a leading employment generating sector (contributing 80% to the industrial employment) and the support system for a large number of unskilled and semi-skilled casual and migrant workers, the shutdown of MSME units during the nationwide lockdown has caused enormous loss of jobs and livelihood for these workers. Further, the sector plays an important role in economic development of rural economy, as around half of the MSME units are operating in rural areas and providing 45 per cent of the total employment. Therefore, there is no better policy than giving a helping hand to this sector in this crisis period.

The timely measures announced by the Central government for the MSME sector (as explained earlier) under the "Atma Nirbhar Bharat Abhiyan" has probably come at the right time and with a noble intention of not only to revive the sector but also make them 'local to global' under the umbrella policy of "Make in India". The Hon'ble Prime Minister has emphasized on bringing out structural reforms in land, labour laws and infrastructure in order to strengthen the "make in India "vision and help the country to play a bigger role in the global value chain. As hundreds of foreign companies[24]have shown their willingness to shift their manufacturing base out of China in the wake of coronavirus outbreak and the rift between certain developed

[23] https://www.businesstoday.in/current/economy-politics/coronavirus-lockdown-covid-19-crisis-ways-govt-can-help-farmers-landless-labour-migrant-workers/story/400622.html

[24] https://www.businesstoday.in/current/economy-politics/1000-foreign-firms-mull-production-in-india-300-actively-pursue-plan-as-exit-china-mantra-grows/story/401462.html

countries and China, the time is ripe for the Government and corporate sector to grab this opportunity and make India truly a global manufacturing hub.

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